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# The geek shall inherit the earth?

- Capacity and capability to commission and deliver Payment by Results (PbR) in the UK

4th October 2013

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Hallam  
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**Community Justice**

| An island rife with PbR...



## | PbR pilots in the CJS

- **HMP Peterborough Social Impact Bond** – Sodexo and St Giles Trust
- **HMP Doncaster PbR pilot** – Serco and Catch 22
- **Local Justice Reinvestment Pilot** – 6 sites (Greater Manchester and 5 London Boroughs)
- **Youth Justice Reinvestment Custody Pathfinder** – 4 sites: West Yorks, Birmingham, North and East London Partnership, West London (now 2 sites)



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| Transforming rehabilitation...

Hallam Centre for  
**Community Justice**



## | What is PbR designed to do – for the commissioner?

- PbR transfers risk away from the government/commissioner towards the service provider - specifically **from the public sector** to the private and/or voluntary and community sector
- Payment may be deferred or 'clawed back'
- Incentivise the delivery of more cost effective services – deliver better outcomes at reduced cost
- Reduce costs

*At a societal level – reduce levels of offending/re-offending*

## | What is PbR designed to do – for service providers?

- Service providers are free of bureaucracy, micro-management and are able to focus on delivering better services
- Incentivise innovation
- Encourages new market entrants - VCS and private sector and/or new consortia of public sector/VCS/private sector

*At a societal level – reduce levels of offending/re-offending*

## | What are the key issues?

- Design
- Implementation
- Change



# 1. Design

## | How much risk?

- Too little... LJR, Peterborough
- Too much... Pathfinder
- No risk ... 'sub-contracted' service providers (except in two cases, LJR and YJP)

*Limited capacity and capability of providers to effectively understand and monitor risk*

## | Payment

- **Deferred payment** – Peterborough; LJR: no up front payment – potential reward payment after each test year
- **Part of contract cost at risk – repayment if target not met** – Doncaster
- **Payment up front and a proportionate clawback** - Pathfinder

## Measurement – key dimensions

	Conceptual complexity	Requirement for external data to verify outcome	Ability to monitor progress towards the outcome using local data	Time lag to outcome determination from start of pilot
Local Justice Reinvestment	Complex	Quarterly data from MoJ	Yes (in part)	16-17 months (at end of 1 year)
Pathfinder	Simple	Quarterly data from YJB	Yes	26 months (whole of the pilot)
Doncaster	Simple	Aggregate quarterly data from MoJ	No/Limited	30 months (first cohort)
Peterborough	Simple but complex	Huge undertaking	Limited	48 months

## | Outcome measures – HMP Doncaster

- All prisoners discharged from HMP Doncaster from October 2011
- A binary measure of reoffending within the first twelve months of release
- Reducing reoffending by 5%



## | Outcome measures – Pathfinder (demand reduction)

- Reduction in their use of custody bed nights – a bespoke figure calculated for each area of between 10% and 20%, from an agreed 2010/11 baseline.
- Overall, Pathfinder aims to reduce the use of custody (measured via bed nights) by approximately 60 beds

## Outcome measures – Peterborough (reoffending)

- Short term prisoners
- 3 cohorts of 1000 prisoners
- The length of time to form each cohort will be determined by the time required for 1,000 unique short-sentence prisoners to be released from HMP Peterborough, but will not be longer than 24 months per cohort. Therefore, the cohort may be less than 1,000 should not enough prisoners be released from HMP Peterborough over the 24-month period.
- MoJ will pay the investment vehicle a fixed unit payment for each reduced conviction event in a SIB cohort less than a matched baseline cohort, providing the reduction in conviction events in the SIB cohort is at least 10%. If a 10% reduction is not achieved for any of the three cohorts, payment will be made if a 7.5% reduction is achieved at the end of the pilot across all cohorts together
- Independent Assessor appointed to develop PSM methodology that will be used to define a Comparison Group to reduce pre-existing differences on measured variables between those released from HMP Peterborough and those released from 'other prisons'

Outcome measures – Local Justice Reinvestment (demand reduction)

Cohort	Metric	(Ministry of Justice 2013)
Adult	<p>Conviction count for custodial sentences of less than 12 months</p> <p>Conviction count for community orders (CO) and suspended sentence orders (SSO)</p> <p>Conviction count for all non-custody and non-court order sentences</p> <p>Total months sentenced for custodial sentences of less than 12 months</p> <p>Total requirements sentenced by requirement type for COs and SSOs:</p> <ul style="list-style-type: none"> <li>- Accredited programme</li> <li>- Unpaid work</li> <li>- Drug treatment</li> <li>- Supervision</li> <li>- Specified activity</li> <li>- Mental health</li> <li>- Alcohol treatment</li> <li>- Residence</li> <li>- Exclusion</li> <li>- Prohibited activity</li> <li>- Attendance centre</li> <li>- Curfew (EM tagging)</li> </ul>	
Youth	<p>Conviction count for custodial sentences of less than 2 years</p> <p>Conviction count for community orders (CO)</p> <p>Conviction count for all non-custody and non-court order sentences</p> <p>Total months sentenced for custodial sentences of less than 2 years</p>	

Tension between co-design and  
local variation and being able to  
make useful comparisons

Capacity and capability of  
commissioners and providers to provide  
and analyse data is critical for setting  
outcomes and monitoring performance



## Cashability

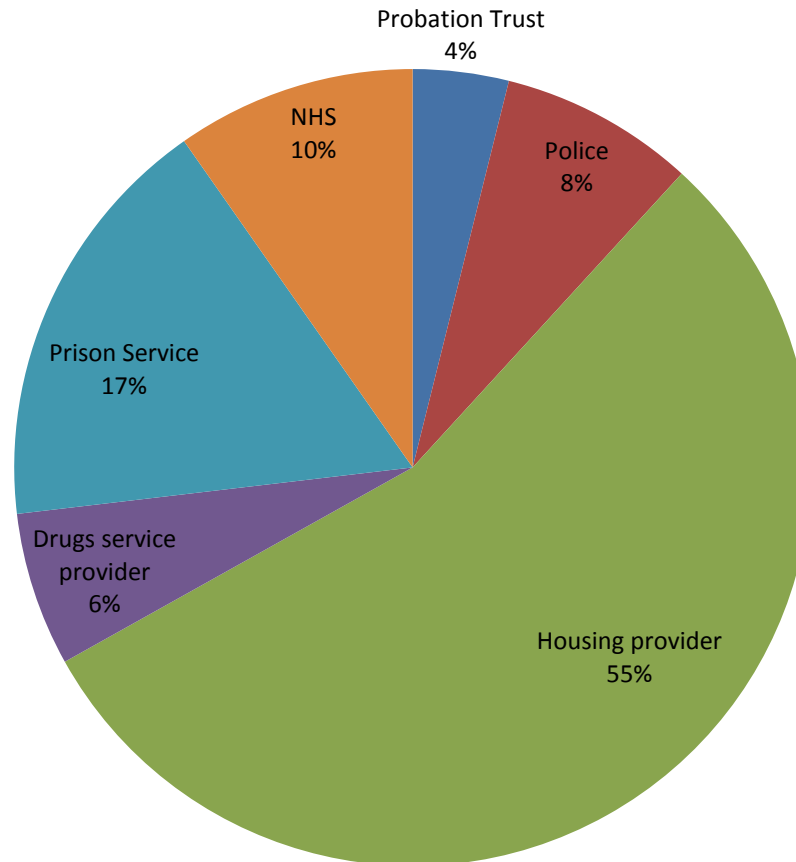
- What savings can be derived from outcomes delivered through the criminal justice system?
- Where do those savings fall?

## Where do savings fall

*Total costs for offender = £60,597.55*

Agency	Cost over 12 months (Sept 10 to Sept 11)
Probation Trust	£ 2,356.36
Police	£ 4,796.04
Housing provider	£ 33,382.07
Drugs service provider	£ 3,785.45
Prison Service	£10,384.62
NHS	£ 5,893.00
<b>TOTAL</b>	<b>£60,597.55</b>

**Proportion of costs incurred by different local  
agencies**



## Cashability? – Local Justice Reinvestment

(Ministry of  
Justice 2013)

Cohort	Metric	Measure	Price
Adult	Custody convictions	Conviction count for custodial sentences of less than 12 months	£440
	Custody months	Total months sentenced for custodial sentences of less than 12 months	£360
	Court order convictions	Conviction count for community orders and suspended sentence orders	£440
	Court order requirements	Total requirements given to offenders by requirement type:	
		- Accredited programme	£430
		- Unpaid work	£290
		- Drug treatment	£270
		- Supervision	£270
		- Specified activity	£230
		- Mental health	£220
		- Alcohol treatment	£170
		- Residence	£150
		- Curfew	£550
		- Exclusion	£150
		- Prohibited activity	£150
		- Attendance centre	£190
	Other convictions	Conviction count for non-custody and non-court order sentences	£300

## | Local Justice Reinvestment - Cashable saving V Cost

**Cashable/realisable 'saving'** made through reducing by one month a custodial sentence of under twelve months = £360

**Estimated average monthly cost** of a custodial sentence of under twelve months = £2,553\*

(\*Based on £30,637, the annual resource expenditure cost per prisoner in a Category C prison -Ministry of Justice 2012)



## | Pathfinder – cashability?

**Cashable/realisable ‘saving’** - average weighted bed price across the secure youth estate, i.e. Young Offender Institution (YOI), Secure Training Centre and Secure Children’s Home (Youth Justice Board 2010)

**Scale:** At least 50 young people in custody at any one time

(Youth Justice Board 2011)

## | Scale & commissioning/jurisdictional structures

- Need for **scaleable interventions** which are proven to be cost effective
- **Geographical scale** or a **sufficient population/throughput** of offenders which would allow scaleable interventions to deliver savings
- **Operational co-terminosity** between key CJS agencies – Police, Probation, Courts, PCC, Prisons (relative co-terminosity)
- **Commissioning co-terminosity** – finding the right level

## 2. Implementation

## | Evidence and learning

### **Evidence**

- A limited evidence base for 'what works' ? – (perception...)
- Little cost benefit analysis has been undertaken to enable cost effective assessments to be made
- Limited use of evidence to inform decisions on what interventions to choose

### **Learning**

- Limited or no performance management – not mandated or required through commissioning process
- Limited incentives to learn from what you're doing

PbR is unforgiving of mediocre and  
poor delivery



### **Strategic level**

- Be able to create a vision which links PbR to local priorities and concerns

### **Operational management level**

- Be effective at project/service implementation and change management
- Be able to command credibility with front line staff and obtain buy in to changes
- Be able to interpret data and act on it quickly
- Relentless drive to deliver

### **Operational level**

- Capability to collate and analyse data to inform delivery decisions
- Ability and commitment to implement effective practice and be flexible and willing to adapt to new work practices

## **Commissioning**

- Be able to set an outcome measure that is achievable (requires data analysis capacity and capability)
- Be able to write flexibility into the contract to address unforeseen events (e.g. disturbances)
- Balancing risk with achievability

## **Facilitating and supporting delivery?**

- Is it the role of commissioners to ensure capacity and capability to deliver?

“We don’t do failure”

### 3. What's changed?

Innovation (or doing something different)  
is not guaranteed

Partnership is a means to an end...

## *Innovation?*

- Justice Reinvestment as criminal justice system re-design
- Justice Reinvestment as social justice
- Through the gate provision for non-statutory offenders?
- Integrated Offender Management?
- Investment vehicle?

| *West Yorkshire Pathfinder - systems model*

1. Reducing breaches – more effective engagement with young people and families
2. Reducing custodial sentences – offering robust community packages
3. Reducing remands into custody
4. Reducing duration of custodial sentences

## *Potential for perverse incentives?*

- Don't breach...
- Focus on very low level 'offending'
- Stop interventions...
- Commit serious crime...



Have they achieved the outcomes?

## Pathfinder – Year 1 Results

	No. of custody bed nights Baseline Year (Apr 2010 to Mar 2011)	Target number of custody bed nights in Year Two (Oct 2012 to Sept 2013)	Target percentage reduction of custody bed nights in Year Two (Oct 2012 to Sept 2013)	No. of custody bed nights in Year One (Oct 2011 to Sept 2012)	Percentage change between Year One and the baseline
<b>Site 1</b>	47,157	37,725	-20%	34,938	-26%
<b>Site 2</b>	20,262	17,871	-12%	21,086	+4%
<b>Site 3</b>	50,069	44,061	-12%	57,324	+14%
<b>Site 4</b>	27,649	22,396	-19%	33,934	+23%

(Wong et al 2013)

## | Local Justice Reinvestment – Year 1 results

	Change in demand (adult) (%)	Change in demand (youth) (%)	Year 1 payment (£000)
Greater Manchester	-8.4	-21.1	2,670
Southwark	-12.5	-29.2	514
Lewisham	-6	-20.0	249
Hackney	-7.5	n/a	189
Croydon	8.1	6.7	0
Lambeth	4.9	13.4	0
England and Wales	-4.5	-13.0	-
London	-5.1	0.1	-

(Ministry of Justice 2013)



| There's nothing (much) new in public policy...  
...but change is inevitable...





## | *Further reading*

<https://www.gov.uk/government/publications/the-development-and-year-one-implementation-of-the-local-justice-reinvestment-pilot>

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/225630/youth-justice-reinvestment-custody.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/225630/youth-justice-reinvestment-custody.pdf)

***Justice Reinvestment: Can the Criminal Justice System Deliver More for Less*** by Fox, Albertson and Wong is now available. For more information go to: <http://www.routledge.com/books/details/9780415500340/>.

Wong, K., Fox, C., Albertson, K. (Forthcoming) Justice Reinvestment in an “age of austerity” – Developments in the United Kingdom, Victims and Offenders, Routledge

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